

DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST FUND
FOR HEALTH INSURANCE BENEFITS BOARD OF TRUSTEES MEETING
CONFERENCE ROOM 300, 50 E. CIVIC CENTER DR., GILBERT, ARIZONA
February 8, 2017

MEMBERS PRESENT: Anthony Panepinto, Chairman
Marc Skocypec, Assistant Town Manager
Mary Dellai
Council Member Jordan Ray

MEMBERS ABSENT: Les Presmyk, Vice Chairman

STAFF PRESENT: Kristen Drew, Human Resources Manager
Donna Pedrera, Human Resources Management Support Analyst
Kelly Pfof, Management & Budget Director

GUESTS PRESENT: Dawn Roberts – Willis Towers Watson
Stephen Doyle – Willis Towers Watson

1. Call to Order

Chairman Panepinto called the meeting to order at 5:36PM.

2. Roll Call

Mrs. Pedrera called roll and a quorum was declared.

3. Communication from Citizens

None

4. Update on Benefits Strategy

Discussion only

Ms. Drew presented the Board with an update on the benefits strategy and introduced Ms. Roberts and Mr. Doyle of Willis Towers Watson to provide information on the status of the request for proposal on the third party administrator. Mr. Doyle provided the Board with an update, stating that there had been much interest and they would have two or three options to bring to the Board in late February.

No action, discussion only.

5. Review of Budget Model

Discussion only

Ms. Drew presented the Board with a review of the Budget Model and the Fund Balance. She stated that Gilbert uses a goal of 3% operating expenses for all of its funds. This amount varies for the trust based on claims, but is approximately \$3 – 4M. When the fund started in 04, it took 1 year to build to that level, and in FY10 & FY11 had a surplus, prompting a premium holiday in FY11 and FY12. As you see in FY16, we depleted the reserve in about 3 months (September – December). Given the volatility that can occur, the Board could consider implementing a min/max goal that gives room to grow the fund above the minimum, but identifies a clear point at which to consider a premium holiday. This could be a range of 3 – 6 months of operating costs. Or given the assumption that FY16 was an anomaly, the Board may choose to stay with the current target of 3 months operating budget. Mr. Doyle added that with the current speed of claims processing, he is seeing the norm at 2 months of claims cost.

Ms. Pfof continued reporting on the model and how FY18 year-end projections would be affected with simple rate increases of 0%, 2%, or 5%. Ms. Pfof stated she was not asking the Board for rate decisions, but wanted to give the Board perspective of the model when evaluating TPA and plan design decisions at upcoming meetings. Ms. Pfof shared additional information on trends of the two plans, which show the Legacy plan claims expenses are outpacing the revenues, and the Preferred plan revenues are exceeding the claims expense, which is helping to cover the Legacy claims expense.

6. Review and Consider Repayment of Loan

Motion to consider repayment of \$1.2M loan from Health Trust to General fund.

Ms. Pfof presented the Board with the current trends as they relate to the Health Trust fund balance. She noted that there is an estimated balance of \$2M at the end of this fiscal year and at that time the repayment of the \$1.2M would be due. Ms. Pfof recommended, based on the current balance and status of the fund that the loan be repaid in February to save monies on the interest that would accumulate between now and the end of the fiscal year. Councilmember Ray moved to approve the repayment of the \$1.2M loan in February of 2017. Mr. Skocypec seconded the motion. Motion passed 4-0.

7. Large Claims and Stop Loss

Discussion only

Ms. Drew presented the Board with the large claims and stop loss recoveries, noting that she wanted to follow up on the large claim mentioned at the last meeting of \$76K is anticipated to total at approximately \$150K. Last month there were two members on transplant lists; one member received a transplant but due to that member's condition, is Medicare eligible. We may see some claim costs from that as well and Mayo is researching an approximate cost. No action, discussion only.

8. Review of Mayo Reports

Discussion only

Ms. Drew presented the Board with the updated reports from Mayo.
No action, discussion only.

9. Approval of Minutes

Motion to approve minutes from January 11, 2017

Marc Skocypec moved to approve the minutes from January 11, 2017. Councilmember Ray seconded the motion. The motion passed 4-0.

10. Staff Update and Future Agenda Items

Ms. Drew updated the board on the status of the Wellness Program and noted that she and Mrs. Pedrera were holding quarterly benefit updates to employees at various town locations. No action, discussion only.

The next meeting of the Health Trust will be February 22, 2017 at 5:00pm.

11. Adjournment

The meeting adjourned at 6:20 PM.

Anthony Panepinto, Chairman

ATTEST: _____
Kristen Drew
Human Resources, Benefits Manager